



# JOB COSTING / ESTIMATE vs. ACTUAL

Sponsoring Organization:
U S Small Business Administration (SBA)

PRESENTER: **RUFFIN CONSULTING**Walt Ruffin, CPA, CCP, CDP, MBA

Thursday, April 18, 2019 1:00pm



#### **SYLLABUS**

1:00 - 1:05	Intro – Opening Remarks
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#### **INTRODUCTION**

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#### Learning Goal – What should trainees expect from participation?

> An understanding of the nature and purpose of job costing and performance metrics.

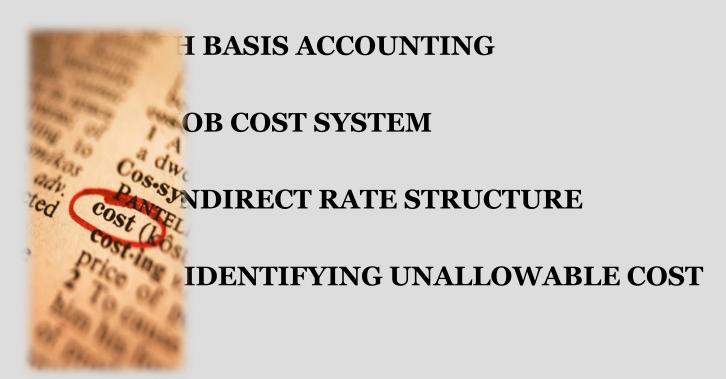
#### Learning Objective – What should participants be able to do?

> How to measure job performance, profitability and risk mitigation.

#### **ACCOUNTING 101**



• Main causes of inadequate government contract cost accounting systems:





#### **ACCOUNTING 101**



What is the difference between cash basis and accrual basis of accounting?

➤ <u>Accrual</u> = Revenues are recognized/recorded when earned and Expenses are recognized/recorded when incurred.

➤ <u>Cash</u> = Revenues are recognized/recorded when received and Expenses are recognized/recorded when paid.





## Job Costing:

- ✓ Need to accumulate all costs (direct and indirect)
- ✓ Accumulate in the same format as proposed
- Compare to proposal and to budget
- ✓ Identify opportunities (problems) early
- ✓ Use a basis for future proposals





## Job Costing:

- ✓ Support progress billings and cost billings
- ✓ Develop trends for cost estimators, project managers, customers, etc.
- ✓ CAS 401 consistency in estimating, accumulating and reporting costs
- ✓ CAS 402 consistency in allocating costs incurred of the same purpose.
- ✓ (Small Businesses are Exempt from CAS but not from the FAR)



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#### Job Cost Ledger:

- The accounting system must be able to accumulate and report the costs for each final cost objective; i.e. government contract.
  - Direct costs of the contract, **plus**
  - Allocation of applicable indirect costs, less
  - Unallowable costs
- For multi-year contracts, the costs should be attainable for each of the contractor's fiscal years.
- Contractor's job cost ledger should be reconcilable and currently posted to the general ledger accounts.
- Costs need to be posted, at least, monthly to books of accounts (job cost ledger, subsidiary ledgers, general ledger).

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#### JOB COSTING - ESTIMATE vs. ACTUAL



#### **Sample Job Costing Reporting:**

- Estimate (Exhibit)
- <u>Invoice (Exhibit)</u>
- <u>Job Estimate vs. Actual (Exhibit)</u>
- Job Item Estimate vs Actual (Exhibit)
- Job Profitability Summary / Detail (Exhibit)



# Questions?????



#### **CONTACT INFORMATION**

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